

GARRISON DIVERSION UNIT, MISSOURI RIVER
BASIN PROJECT

JULY 20, 1965.—Ordered to be printed

Mr. BURDICK, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany S. 34]

The Committee on Interior and Insular Affairs, to whom was referred the bill (S. 34) to make certain provisions in connection with the construction of the Garrison diversion unit, Missouri River Basin project, by the Secretary of the Interior, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

Committee action in ordering S. 34 as amended reported favorably was unanimous.

PURPOSE OF MEASURE

S. 34, which has the bipartisan sponsorship of Senators Burdick and Young, of North Dakota, and McGovern and Mundt, of South Dakota, reauthorizes the initial stage of the multipurpose Garrison diversion unit, Missouri River Basin, which was originally authorized by the 1944 Flood Control Act.

The unit would irrigate some 250,000 acres, supply industrial and municipal water for 14 towns and cities, make possible full development of fish and wildlife and recreation potential (the prairie potholes country of the high plains of North Dakota is a principal breeding ground for migratory waterfowl in the United States), and afford additional flood control in the Missouri-Mississippi Basin.

The benefit-cost ratio is the favorable one of 2.51 to 1.

Section 6 of S. 34 provides for an appropriation limitation of \$207 million for new construction. The greater part of this amount would be repaid, as set forth below in this report.

THE COMMITTEE AMENDMENT

The committee amended S. 34 by striking out section 2 in its entirety in lieu thereof substituting the language of section 2 of the House-passed bill, H.R. 237. This amendment is in accord with

the recommendation of the Department of the Interior. It makes applicable to the Garrison unit the guidelines for fish and wildlife and recreation enhancement facilities established by the recently enacted Federal Water Project Recreation Act (Public Law 89-72). While the new section 2 of S. 34 and the language of the Federal Water Project Recreation Act are not identical, they are similar in substance, and there is nothing in the new section 2 of S. 34 that is in conflict with Public Law 89-72.

Subsection (b) of section 2 of the bill is in complete harmony with the exception in section 9 of the Water Project Recreation Act making nonreimbursable costs allocated to waterfowl refuges and waterfowl production areas under Federal administration. The benefits from these refuges and breeding grounds, which are, as pointed out, among the most important in the country, are nationwide. Evidence at the hearings shows that, as a matter of fact, the adjacent areas derive very little, if any, revenue from them, and that expenditures in connection with their development are properly not to be assessed against the local water and power users.

BACKGROUND AND NEED

The facts and statistics in the feasibility report on the Garrison diversion unit show conclusively that it is economically as well as technically sound. Not only is each of the functions feasible in itself but the unit will be of benefit to the entire upper Missouri Basin, with the Federal Government receiving full value for the amounts it advances as an investment.

In addition to its soundness as an investment, moreover, construction of the Garrison diversion unit would do simple, long-delayed equity to the region. The several Missouri Basin projects that have been built on the mainstem and which have greatly benefited lower Missouri Basin States by providing flood control and water for navigation have taken vast acreage out of production in North and South Dakota. Testimony was presented at the hearings showing that a million acres, much of it rich bottom lands, have been flooded in the two States. Farm income has been sharply reduced with consequent loss of tax revenues and volume in business activity generally.

At the time these mainstem projects were proposed, it was recognized that the losses to the States in which they were located would more than offset benefits from power and recreational facilities. Accordingly, the upper and lower Missouri Basin States were divided, with the former aligned behind the so-called Sloan plan, Senate Document 191, 78th Congress, for irrigation and reclamation, and what was known as the Pick plan, House Document 475, 78th Congress, for a navigation channel in the lower river which might require water from other uses.

There was sharp controversy between the proponents of the two plans. The upper basin feared that it might be drained of its water to support a flowing navigation channel for the lower river. The Corps of Army Engineers and the Bureau of Reclamation were sometimes very critical of each other's development plans.

The controversy in the basin was resolved by an agreement worked out by then Senators O'Mahoney and Millikin which was embodied in the Flood Control Act of 1944. The O'Mahoney-Millikin amend-

ment provided that beneficial consumptive uses of water in States lying wholly or partly west of the 98th meridian should take priority over navigation.

The 1944 act, authorizing both the Pick and Sloan plans after some adjustments to eliminate overlaps (S. Doc. 247, 78th Cong.), and containing the O'Mahoney-Millikin amendment, thus became the embodiment of the agreement or compact between the upper and lower basins and the passage of the act was its ratification by Congress. The act delineated the projects which were to be undertaken in both ends of the basin. In some instances, projects were included on which there had been little more than reconnaissance studies. They were sometimes incorporated by a one-line reference in the supporting documents—House Document 475, Senate Document 191, and Senate Document 247.

The blanket authorization of a multibillion-dollar, total basin plan was unprecedented, but at the time it was felt unnecessary to spell out the agreement in detail. The Interior Committee has been disturbed on more than one occasion by the dissimilarity between the projects authorized in the act of 1944 and those finally undertaken after thorough engineering studies. Funds authorized for construction in the basin are now limited by Congress to projects underway or new starts only if they have been authorized or reauthorized by current Congresses.

In view of the great modifications of some of the project proposals, the committee believes it is difficult to quarrel with this procedure. The Missouri Basin Survey Commission in 1953 described the Flood Control Act provisions as a "framework rather than a blueprint." At the same time, however, the fundamental commitment of the Flood Control Act of 1944 should be recognized. It amounted to a compact, ratified by Congress, assuring the upper basin States that their sacrifice of productive lands to provide benefits for the lower basin would be compensated for by full development of other potentialities in the upper basin States.

The Garrison project is a major feature of the agreement ratified in 1944 which "makes whole" and provides a measure of benefits from the Missouri Basin program to the two States which have contributed a lion's share of assets to the development program.

PRIOR LEGISLATION

At the hearings in March of this year on S. 34, Senator Anderson, chairman of the Subcommittee on Irrigation and Reclamation, traced the history of legislation to authorize the Garrison diversion unit as follows:

The Garrison diversion unit proposal is not exactly novel or new, having been before successive Congresses for some little time. It was initially authorized, in somewhat different form, in the Flood Control Act of 1944 when the 78th Congress was considering postwar public works to forestall the hitherto inevitable unemployment and economic dislocation that followed in the wake of demobilization of men and industry.

Back in the 85th Congress, after the Appropriations Committee was requiring reauthorization for the 1944 Flood Con-

trol Act projects that had not been initiated, Senators Young and Langer introduced S. 1932 in April of 1957. At that time the executive agencies were not able to report on the bill, since the review and comments by the States required by the Flood Control Act had not been completed.

Again in the 86th Congress, in 1959, Senators Young and Langer sponsored a Garrison diversion unit bill, S. 147, but no action was taken on it.

In the 87th Congress our colleague, Quentin Burdick, who is a most able member of this committee, sponsored S. 230 for himself and Senator Young. Hearings were held and the committee favorably reported the measure, with amendments, to the Senate. However, the Senate did not act on S. 230 prior to adjournment of the 87th Congress.

Then in the last Congress, the 88th, Garrison diversion unit legislation reached a new high point. Senator Burdick introduced S. 178 for himself and Senators Young and McGovern; hearings were held; the bill was reported; it passed the Senate on February 18, 1964, and was favorably reported by the House Interior Committee on July 28.

Unfortunately, S. 178 did not receive a rule from the House Rules Committee, and the House was not permitted to vote on it.

INTEREST RATES AND POWER REVENUES

The entire financial position of the Missouri River Basin project has been the source of increasing concern in the Congress, the executive branch, and the entire water resource community. Because of this concern, the Department began an intensive review of the Missouri River Basin project finances in 1961. This study was completed late in 1963 and submitted to Chairman Jackson of the full committee on December 17 of that year with recommendations. The two major recommendations call for (1) an average increase in firm power rates in the Missouri River Basin of 0.25 mill per kilowatt-hour, and (2) the use of a 2½-percent interest rate in amortizing the unpaid balance, as of June 30, 1965, in interest-bearing commercial power investment associated with generating capacity constructed or under construction by the Corps of Engineers on that date. Authority for implementing the recommendation with respect to the interest rate is contained in section 4(b) of S. 34.

The House has approved an identical provision in H.R. 237.

The committee is assured that upon enactment of the Garrison bill the Department of Interior will immediately implement its other major recommendation by raising the Missouri Basin power rates.

The justification for the prospective 2½-percent interest rate on existing projects stems from the fact that this rate is comparable to the interest rate used in repaying the costs of other major Federal power systems in which the Department of the Interior markets power from Corps of Engineers powerplants constructed during the same period of time as the Missouri River plants. The Bonneville Power Administration system, the Southwestern Power Administration system, and the Southeastern Power Administration system all market power and energy under repayment schedules using 2½-percent interest on previous investments. In its financial report on the

Missouri River Basin project, the Department of the Interior states its view that to continue to charge 3-percent interest on power investments in Corps of Engineers projects in the Missouri River Basin, as compared to 2½ percent charged elsewhere, would discriminate against the Missouri River Basin.

It should be pointed out, with respect to all future power investments by both the Department of the Interior and the Corps of Engineers, that the interest rate will be as determined by the Department of the Treasury based upon the average rate of interest payable by the Treasury on interest-bearing marketable securities of the United States outstanding at the end of the fiscal year preceding such computation which, upon original issue, had terms to maturity of 15 years or more. This is essentially the formula of the Water Supply Act of 1958. Had this formula been in effect over the past 20 years, or if it were made retroactive, the average interest rate for the corps power investments would have been very close to 2½ percent. This indicates further justification for this provision.

COSTS AND REPAYMENT

The estimated cost of the initial stage of the Garrison diversion unit is \$248,234,000. Of this amount, approximately \$207 million is the estimated cost of new works and the remainder represents amounts already spent for Jamestown Dam and Reservoir and an appropriate share of the costs for investigations of the Garrison diversion unit as well as that part of the cost of the mainstream storage system and project power system allocated to irrigation pumping service. The details of the cost allocation and a repayment summary for the initial stage development, determined in accordance with language adopted by the committee with respect to cost sharing for fish and wildlife and recreation are set out in the following tabulation:

I. Benefit-cost ratio: 2.51 to 1 over 100-year period.

II. Cost allocations (total costs to be allocated exclusive of interest during construction):

Garrison diversion unit cost	\$212,383,000
Irrigation pumping power cost	18,083,000
Garrison Reservoir storage cost	17,768,000
Total	248,234,000
Irrigation	198,578,000
Municipal and industrial water	12,099,000
Power	37,000
Fish and wildlife	21,657,000
Flood control	2,813,000
Recreation	13,050,000
Total	248,234,000

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III. Repayment of reimbursable costs:

Irrigation:	
Water users and conservancy district-----	\$19, 296, 000
Power revenues-----	179, 282, 000
Investment-----	198, 578, 000
Municipal and industrial water:	
Allocated construction costs-----	12, 099, 000
Interest during construction-----	822, 000
Investment-----	12, 821, 000
Hydroelectric power (future):	
Construction costs-----	37, 000
Interest during construction-----	1, 000
Investment-----	38, 000
Recreation:	
Construction costs-----	1, 297, 000
Interest during construction-----	39, 000
Investment-----	1, 336, 000
Fish and wildlife enhancement:	
Construction costs-----	1, 045, 400
Interest during construction-----	51, 400
Investment-----	1, 096, 800

NOTE.—Municipal and industrial water, hydroelectric power, recreation, and fish and wildlife enhancement investments would be repaid in 50 years at interest determined by formula in sec. 4(a) of S. 34, as amended.

IV. Nonreimbursable costs:

Flood control-----	2, 813, 000
Recreation-----	11, 753, 000
Fish and wildlife enhancement-----	20, 611, 600

In preparing plans, specifications, and surveys for the several features of the Garrison diversion unit as authorized by this legislation, it is the committee's expectation and recommendation that the Bureau of Reclamation and the Corps of Engineers will take cognizance of the availability of private engineers and engineering firms, and, when in the public interest, will make use of such private individuals and firms.

DESCRIPTION OF PROJECT

The plan for the initial stage development authorized by S. 34 calls for the diversion and regulation of a water supply from the existing Garrison Reservoir on the Missouri River. Included are the existing Jamestown Dam and Reservoir and the restoration of Devils Lake and Stump Lake for recreation, fish and wildlife conservation, and industrial water supply.

About 50 percent of the lands in the 250,000-acre development have been fully investigated by a detailed land classification survey. The remainder has been delineated by a semidetalled land classification survey. The land classification surveys indicate that the 250,000-acre development will be made up of about 16,000 acres of class 1 land,

about 77,000 acres of class 2 land, and about 157,000 acres of class 3 land.

The water supply for the initial stage development diverted from the Garrison Reservoir is estimated at 871,000 acre-feet annually which is less than 5 percent of the average annual flow of the Missouri River at the point of diversion. Riverflows into the reservoir have ranged from about 9 million to about 26 million acre-feet annually and have averaged 17.6 million acre-feet. There is no question as to the adequacy of the water supply. The quality of the water stored in the reservoir is rated "good."

The principal project works of the initial stage development include the following:

(a) Snake Creek pumping plant, which will pump water from Garrison Reservoir into Snake Creek Reservoir. It will deliver 2,050 cubic feet per second at a maximum pumping head of 75 feet. Average static pumping head will be about 31 feet. When Garrison Reservoir is at maximum normal stage (elevation 1,850), water can flow through the principal supply works by gravity.

(b) McClusky Canal, which will convey water from Snake Creek Reservoir to Lonetree Reservoir. The canal will be 75 miles long and will have a maximum capacity of 1,950 cubic feet per second. New Home Reservoir is located on and is part of the McClusky Canal.

(c) Lonetree Reservoir, which will store and regulate flows of the McClusky Canal for distribution to the areas to be developed. At elevation 1,640, the maximum operating level, the reservoir water surface area will be about 20,000 acres.

The entire irrigation system includes 1,865 miles of canals and laterals, 4 regulating reservoirs, 141 pumping plants, about 2,813 miles of drains, and electrical facilities for pumping plants. Power for the pumping plants will be supplied from the Missouri River Basin transmission system by existing or proposed federally constructed facilities, or by wheeling over electric cooperative or utility company lines.

The initial stage development can be considered a joint plan of advantage to both agricultural and wildlife interests. It provides specifically for developing waterfowl areas utilizing natural sloughs, lakes, and potholes to replace nesting, and breeding grounds lost to project drainage. Relatively little additional construction is needed to provide a water supply for the waterfowl area and, in most cases, the water supply comes from project waste water. These new wildlife areas will be especially beneficial during drought periods when, under natural conditions, most of the native ponds and sloughs are dry.

The most significant wildlife area and the most important recreational site will be at Devils Lake. In 1867, it was a fresh water lake covering 142 square miles, with an extensively wooded shoreline and a commercial fishery. By 1940 the lake had dropped 34 feet, become heavily saline, and shrunk to $4\frac{1}{2}$ square miles. Fish life had disappeared and recreational uses were abandoned. A part of the lake system subsequently raised about 15 feet as a result of above-normal rainfall, but after 1956 this portion again started to recede. The inclusion in the Garrison diversion unit plan of restoration of this lake chain will permit Devils Lake to once again freshen, fit its wooded shoreline, and become a wildlife and recreational asset. To finance local costs and to provide necessary management, a park district has been established there.

CONCLUSIONS AND RECOMMENDATIONS

Your committee finds that the Garrison diversion unit as authorized by S. 34 is feasible with respect both to economics and to engineering. It is self-contained, and its feasibility is not dependent in any way upon future expansion or development.

Furthermore, as explained above, it would do equity to a region and a segment of our population to whom such equitable treatment is long overdue.

At the same time, the committee wishes to emphasize that the prospective reduction in interest rates for existing works as provided by section 4(b) is solely to bring the rate on such facilities in the Missouri Basin into conformity with the rates on other, similar projects heretofore constructed by the Corps of Engineers in other river basins. The situation in the Missouri Basin in this respect is unique, and, therefore, such a prospective reduction on existing facilities is not to be construed as a precedent. Future features of the Garrison unit will bear the rate established by the Water Supply Act of 1958, as provided in section 4(a) of the bill.

Your committee believes that early construction of the Garrison diversion unit is in the national interest, and recommends that S. 34, as amended, be enacted.

EXECUTIVE AGENCY REPORTS

The favorable reports of the Bureau of the Budget, which speaks for the administration generally, and the Department of the Interior, which will administer the facilities provided by S. 34, are set forth in full below. As stated, the substance of the amendments recommended by the Interior Department have been approved by the House and were adopted by the committee in the new language in section 2.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., March 19, 1965.

HON. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

DEAR SENATOR JACKSON: This responds to your request for the views of this Department on S. 34, a bill to make certain provisions in connection with the construction of the Garrison diversion unit, Missouri River Basin project, by the Secretary of the Interior.

The Department recommends enactment of the bill if amended as suggested hereafter.

S. 34 would modify the Missouri River Basin project authorizations to accommodate the special conditions of the Garrison diversion unit. The bill is consistent with the findings and recommendations for a plan of irrigation development set forth in the Department's report on this unit which was transmitted to the Congress on February 3, 1960, and printed as House Document 325, 86th Congress. Enclosed, as a part of this report, is the Department's "Supplemental Report on the Garrison Diversion Unit (Initial Stage—250,000 Acres) November 1962 (revised February 1965)." Incorporated in that report as an appendix is a report of the Bureau of Sport Fisheries and

Wildlife, "Fish and Wildlife Resources in Relation to the Garrison Diversion Unit (Initial Stage—250,000 Acres), November 1962."

The February 1965 revision of the November 1962 supplemental report on the unit supersedes the supplemental report dated January 1961 and the May 1964 revision of the November 1962 supplemental report which were submitted to the Congress with this Department's reports on Garrison diversion unit bills in the 87th and 88th Congresses.

The enclosed revised supplemental report presents the costs, benefits, and economic and financial analyses of the unit on a basis incorporating the concepts of the draft bill to provide uniform policies with respect to recreation and fish and wildlife benefits and costs of Federal multiple-purpose water resource projects (S. 1229), transmitted to the Congress by the administration on February 19, 1965. Incorporation of the concepts of the administration's legislative proposal of February 19 required some changes in the treatment of the costs of the unit allocated to recreation and fish and wildlife. These changes are explained in full in the final section of the enclosed supplemental report. Otherwise, the plan of development for the unit and the formulation of the unit for economic and financial analysis and cost allocation are exactly as presented to your committee in the 88th Congress.

We recommend that section 2 of the bill be amended as follows in order to make the terms of the administration's February 19, 1965, legislative proposal applicable to the Garrison diversion unit:

- (1) Insert "(a)" after "2" in line 9, page 2.
- (2) Delete the word "basic" from line 11, page 2.
- (3) Delete the words "additional development" in line 20, page 2, substitute the word "replacement".

- (4) Strike all after the word "purposes." in line 1, page 3.

- (5) Add new subsections reading as follows:

"(b) Costs of means and measures to prevent loss of and damage to fish and wildlife shall be treated as unit costs and allocated among all unit purposes.

"(c) Joint costs allocated to recreation and fish and wildlife enhancement shall be nonreimbursable.

"(d) Separable capital investment costs allocated to fish and wildlife enhancement and incurred in connection with waterfowl refuges and waterfowl production areas proposed for Federal administration shall be nonreimbursable.

"(e)(1) If, before commencement of construction of the unit, non-Federal public bodies agree to administer unit land and water areas for recreation pursuant to a plan of development and to bear not less than one-half the separable costs of the unit allocated to recreation and all the costs of operation, maintenance, and replacement of recreation lands and facilities, not more than one-half the separable capital costs allocated to recreation shall be nonreimbursable.

"(2) In the absence of such a preconstruction agreement recreation facilities (other than minimum facilities for the public health and safety at reservoir access points) shall not be provided, and the allocation of unit costs shall reflect only the number of visitor-days and the value per visitor-day estimated to result from such diminished recreation development without reference to lands which may be provided pursuant to subsection (h) of this section.

"(f)(1) If, before commencement of construction of the unit, non-Federal public bodies agree to administer unit land and water areas

proposed for non-Federal administration for fish and wildlife enhancement and to bear not less than one-half the separable capital investment costs allocated to fish and wildlife enhancement which are incurred in connection with such areas and all the costs of operation, maintenance, and replacement of such fish and wildlife enhancement lands and facilities, not more than one-half of such separable capital costs shall be nonreimbursable.

"(2) In the absence of such a pre-construction-agreement facilities and project modifications for the enhancement of fish and wildlife resources shall not be provided in connection with areas proposed for non-Federal administration for fish and wildlife enhancement purposes, and the allocation of unit costs shall reflect only the benefits estimated to result from such diminished fish and wildlife enhancement development, without reference to lands which may be provided pursuant to subsection (h) of this section.

"(g) The non-Federal share of the separable investment costs of the unit allocated to recreation and fish and wildlife enhancement shall be borne by non-Federal interests, under either or both of the following methods as may be determined appropriate by the Secretary: (i) payment, or provision of lands, interests therein, or facilities for the unit; or (ii) repayment, with interest, within 50 years of first use of unit recreation or fish and wildlife enhancement: *Provided*, That the source of repayment may be limited to entrance and user fees or charges collected at the unit by non-Federal interests if the fee schedule and the portion of fees dedicated to repayment are established on a basis calculated to achieve repayment as aforesaid and if the fee schedule and the portion of fees dedicated to repayment are made subject to review and renegotiation at intervals of not more than five years.

"(h) In the absence of preconstruction agreements as specified in subsections 2(e) and 2(f) lands may be acquired in connection with construction of the unit to preserve the recreation and fish and wildlife enhancement potential of the unit.

"(1) If non-Federal public bodies agree within ten years after initial unit operation to administer unit land and water areas for recreation and fish and wildlife enhancement pursuant to a plan of development and to bear not less than one-half the costs of lands acquired pursuant to this subsection and facilities and project modifications provided for those purposes and all costs of operation, maintenance, and replacement of recreation and fish and wildlife enhancement facilities, not more than one-half the costs of such lands, facilities, and project modifications may be borne by the United States and such costs shall be nonreimbursable. Such agreement and subsequent development shall not be the basis for any reallocation of joint costs of the unit to recreation or fish and wildlife enhancement.

"(2) If, within ten years after initial operation of the unit, there is not executed an agreement as specified in paragraph (1) of this subsection, the Secretary may convey the possession and control of any lands acquired pursuant to this subsection by deed, lease, or otherwise to any Federal agency or to any person or non-Federal body, for the purpose of recreation, fish and wildlife enhancement, or use as a summer residence, or for the operation on such lands of pleasure resorts for boating, fishing, or any similar purpose, or for any other purpose which would not conflict with the purposes for which the unit was constructed: *Provided*, That no transfer authorized herein, except

transfer by conveyance at full market value under the then existing conditions, shall be made without approval of the President of the United States.

"(i) As used in this Act, the term 'nonreimbursable' shall not be construed to prohibit the imposition of entrance, admission, and other recreation user fees or charges."

To bring the modification of the authorization of the Garrison unit into conformity with the current project documents, we also recommend that the words "revised February 1965" be substituted for "revised May 1963" within the parentheses on line 7, page 2.

Allocations of project costs are as presented previously to your committee:

<i>Purpose</i>	<i>Allocation</i>
Irrigation.....	\$198, 578, 000
Municipal and industrial water.....	12, 099, 000
Flood control.....	2, 813, 000
Commercial power.....	37, 000
Fish and wildlife enhancement.....	21, 657, 000
Recreation.....	13, 050, 000
Total.....	248, 234, 000

The recreation and fish and wildlife enhancement costs break down further as follows:

Recreation:	
Joint costs (100 percent nonreimbursable).....	\$10, 456, 000
Separable costs (50 percent nonreimbursable).....	2, 594, 000
Fish and wildlife enhancement:	
Joint cost (100 percent nonreimbursable).....	14, 031, 000
Separable costs incurred in connection with areas for Federal management (100 percent nonreimbursable).....	5, 535, 000
Separable costs incurred in connection with areas for non-Federal management (50 percent nonreimbursable).....	2, 091, 000

In addition to one-half of the identified separable construction costs (\$1,297,000, recreation; \$1,045,400, fish and wildlife enhancement) reimbursable interest during construction of \$39,000 and \$52,000 for recreation and fish and wildlife enhancement, respectively, would be borne by non-Federal public entities.

We expect no serious problems to arise in obtaining the requisite agreement on non-Federal cost sharing for separable recreation costs. Whether State fish and wildlife agencies are financially able to assume the reimbursable fish and wildlife enhancement costs associated with the unit, given only their present structure of funding, is more doubtful. The total budget of the North Dakota Game and Fish Department derived entirely from the sale of fishing and hunting licenses and Federal aid in fish and wildlife restoration funds, was less than \$1 million in 1964. The total annual budget for the fish and game functions of the South Dakota Department of Game, Fish, and Parks—funded from the same sources—is about \$2.5 million. It is believed, however, that other sources of repayment will be available and that development for fish and wildlife enhancement purposes with reimbursement as proposed need not impose any undue hardship on local interests. Some water areas on the unit are expected to provide opportunities for the collection of user fees from sportsmen by local operating entities. A portion of these fees, for example, might be used to cover the reimbursement requirements proposed.

The Garrison diversion unit service area is unique in the United States in the quality and amount of migratory waterfowl habitat that

is found there. An outstanding opportunity is present in connection with the unit to further the objectives of the national migratory waterfowl program. The plan of development is designed to capitalize on this opportunity.

Fish and wildlife measures in the Department plan for the Garrison unit include acquisition of land, construction of dams, levees, dikes, ditches, and related structures on these lands, and provision for supplying and transporting necessary water to the fish and wildlife areas as a project cost. Thirty-six fish and wildlife areas are proposed to be established in connection with the Garrison unit. The acquisition and development of these 36 areas are necessary for the mitigation of extensive project-caused losses to migratory waterfowl habitat. Enhancement benefits to waterfowl production and to other fish and wildlife will also result from development of the areas. The proposed wildlife areas are distributed throughout the Garrison unit in a pattern generally resembling the distribution of waterfowl habitat losses. The costs of the foregoing measures are included in the total costs of the Garrison diversion unit. The additional costs of further improvements to enhance fish and wildlife resources, including necessary roads, building, and planting, and operation and maintenance of these further improvements will be borne by the Fish and Wildlife Service or by the State fish and game agency having responsibility for administration of the area, and not from appropriations for the construction and operation of the Garrison diversion unit.

The administration's proposal that local interests administer project areas and bear a portion of separable costs associated with recreation and fish and wildlife enhancement has its rationale in the fact that to a large degree water resource project recreation and fish and wildlife benefits, apart from the production of migratory waterfowl, accrue to the persons living in the general vicinity of the project. Conversely, where recreation or fish and wildlife enhancement benefits will be enjoyed by a widely distributed segment of the national population it is appropriate that local interests not be required to bear all operating costs nor to share the capital costs to the same degree as if they were the exclusive beneficiaries of the development.

The latter condition exists at the Garrison diversion unit where a substantial part of the costs allocated to fish and wildlife enhancement is attributable to the furtherance of the national objective of maintaining a healthy and substantial stock of migratory waterfowl. For that reason 26 of the 36 fish and wildlife areas where the benefits are almost entirely associated with migratory waterfowl produced there are planned for Federal administration under the national waterfowl management program.

In our judgment, application of the cost-sharing precepts of the administration's proposal properly reflects the distribution of Federal and non-Federal benefits and concomitant responsibilities on the Garrison unit. Areas where the Federal waterfowl conservation and development program is the principal beneficiary from operations are proposed for Federal administration and funding. Six areas where there are substantial fishery and wildlife benefits, in addition to the waterfowl benefits, are proposed for State administration. On four other areas, the respective State fish and game departments already own portions of the land proposed for inclusion in the area and operate waterfowl management areas there. These have also been assigned to State administration.

Enactment of the bill before your committee would authorize expenditures of \$2,179,000 for Federal refuge lands for the enhancement of migratory waterfowl production habitat, as distinct from measures for mitigation of losses. This amount would be charged against the expenditure limitation of \$28 million for such measures that would be established by section 6(c) of the administration's proposal.

Fundamental repayment questions concerning the overall Missouri River Basin project have been under study for several years within the Department. These studies were completed and transmitted to your committee on December 17, 1963, as a "Report on Financial Position Missouri River Basin Project, December 1963". That report illustrates that with the enactment of legislation to adopt proposed interest rate criteria and a contemplated 0.25 mills per kilowatt-hour rate increase in the sale price of firm commercial power marketed in the eastern division of the project, that adequate revenues are in prospect with which to return all costs allocable to commercial power with interest, to meet the irrigation assistance requirements of existing irrigation units, and also to return the irrigation assistance requirements of the Garrison diversion unit within 50 years plus a development period after completion of construction of works to serve each identifiable block of unit lands.

Our letter to you of February 6, 1964, set forth legislative language required to make the proposed interest rate criteria applicable to the financial administration of the Missouri River Basin project. This language appears as section 4(b) of the bill, and we endorse it.

"Policies and Procedures in the Formulation, Evaluation, and Review of Plans for the Use and Development of Water and Related Land Resources," a policy statement approved by the President on May 15, 1962, and printed as Senate Document 97, 87th Congress, provides, among other things, for computation of the interest rate to be used in economic analyses in accordance with a prescribed formula. This precept was incorporated into the economic analyses which appear in the enclosed supplemental report. The benefit-cost ratio of 2.51 to 1 in the enclosed supplemental report was developed on the basis of the then applicable benefit discount rate of 2% percent. The benefit discount rate derived from application of the prescribed formula for use in fiscal year 1965 is 3% percent. Revision of the enclosed report to employ this benefit discount rate for economic analysis would result in a minor reduction in the benefit-cost ratio. This would not alter the basic finding of the study that the Garrison diversion unit is economically justified.

A statement of personnel and other requirements that enactment of this legislation would entail is enclosed in accordance with provisions of Public Law 801, 84th Congress.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

STEWART L. UDALL,
Secretary of the Interior.

14 GARRISON DIVERSION UNIT, MISSOURI RIVER BASIN PROJECT

Estimated additional man-years of civilian employment and expenditures for the 1st 5 years of proposed new or expanded programs

	1st year	2d year	3d year	4th year	5th year
Estimated additional man-years of civilian employment:					
Executive direction:					
Executive.....			1	1	2
Clerical.....			1	2	3
Total, executive direction.....	0	0	2	3	5
Administrative services and support:					
Accountant.....	1	2	6	9	14
Clerical.....	2	5	22	30	51
Property management.....	3	6	15	20	34
Records maintenance.....	2	6	16	26	38
Total, administrative services and support.....	8	19	59	85	137
Substantive (program):					
Engineering aids.....	19	20	40	54	70
Engineers.....	34	40	80	100	140
Geologists.....	5	6	14	20	25
Others.....	9	10	20	30	32
Total, substantive.....	67	76	154	204	267
Total, estimated additional man-years of civilian employment.....	75	95	215	292	267
Estimated additional expenditures:					
Personal services.....	\$550,000	\$644,000	\$1,440,000	\$1,950,000	\$2,725,000
All other.....	1,450,000	9,356,000	18,560,000	23,050,000	33,275,000
Total, estimated additional expenditures.....	2,000,000	10,000,000	20,000,000	25,000,000	36,000,000

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., March 17, 1965.

HON. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your letter of January 21, 1965, requesting the views of the Bureau of the Budget on S. 34, a bill to make certain provisions in connection with the construction of the Garrison diversion unit, Missouri River Basin project, by the Secretary of the Interior.

The purpose of this bill is to authorize construction of the Garrison diversion unit as part of the Missouri River Basin development of the Bureau of Reclamation.

The Department of Interior, in a report being submitted to your committee, recommended a number of amendments designed mainly to bring the bill into conformity with pending legislation supported by the administration regarding cost sharing for fish and wildlife and recreation at water resources projects.

The amendments recommended by the Department would delete provisions in the bill that would restrict the authority of the Secretary of the Interior to dispose of Federal lands. The Bureau of the Budget concurs in the Department's recommendation and recommends that these provisions be deleted as undesirable restrictions on the executive branch's responsibility for the administration of a Federal program.

Accordingly, the Bureau of the Budget would have no objection to the enactment of S. 34 if amended as recommended by the Department of Interior in its report on the bill.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

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WASHINGTON, D. C., JANUARY 10, 1901.

SIR: The Bureau of the Census will have the honor to acknowledge the receipt of your letter of the 7th inst. and to inform you that the same has been forwarded to the proper authorities for their consideration.

Very respectfully,
J. M. HARRIS, Director.

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